

**UNITED STATES DISTRICT COURT  
DISTRICT OF SOUTH CAROLINA  
GREENVILLE DIVISION**

ALTERNATIVE GLOBAL TWO, LLC, a	)	
Delaware limited liability company,	)	
ALTERNATIVE GLOBAL FOUR, LLC, a	)	Civil Action No.
Delaware limited liability company, and	)	
ALTERNATIVE GLOBAL FIVE, LLC, a	)	
Delaware limited liability company,	)	
	)	
Plaintiffs,	)	
	)	
vs.	)	
	)	
BLACKSTREAM DEVELOPMENT LLC, a South	)	
Carolina limited liability company.	)	
	)	
Defendant.	)	
	)	

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**COMPLAINT**

Plaintiffs, ALTERNATIVE GLOBAL TWO, LLC, a Delaware limited liability company (“**Alternative Global Two**”), ALTERNATIVE GLOBAL FOUR, LLC, a Delaware limited liability company (“**Alternative Global Four**”), and ALTERNATIVE GLOBAL FIVE, LLC, a Delaware limited liability company (“**Alternative Global Five**”) (collectively, the “**Alternative Global Companies**”) hereby sue Defendant BLACKSTREAM DEVELOPMENT LLC, a South Carolina limited liability company (“**Blackstream**”) and allege as follows:

**INTRODUCTION**

1. The Alternative Global Companies are industry-specific Delaware limited liability companies that invest in certain targeted high growth industries. Between approximately May 2020 and January 26, 2022, the Alternative Global Companies funded at least \$17,561,300 to Blackstream in exchange for an equity investment in underlying real estate investments. In January 2022, Blackstream shut off the flow of information to the Alternative Global Companies,

depriving the Alternative Global Companies of all information on the status of the \$17,561,300 in funds or the underlying real estate investments. Notwithstanding repeated demands, Blackstream has failed to provide critical information or otherwise account to the Alternative Global Companies.

### **PARTIES**

2. Plaintiff Alternative Global Two is a limited liability company organized under the laws of the State of Delaware. Richard Cardinale (“**Cardinale**”) is the sole managing member and member of Alternative Global Two and is a resident of the State of New York. Thus, Alternative Global Two is a citizen of New York and Delaware.

3. Plaintiff Alternative Global Four is a limited liability company organized under the laws of the State of Delaware. Cardinale is the sole managing member and member of Alternative Global Four and is a resident of the State of New York. Thus, Alternative Global Four is a citizen of New York and Delaware.

4. Plaintiff Alternative Global Five is a limited liability company organized under the laws of the State of Delaware. Cardinale is the sole managing member and member of Alternative Global Five and is a resident of the State of New York. Thus, Alternative Global Five is a citizen of New York and Delaware.

5. Blackstream is a limited liability company formed under the laws of the State of South Carolina having its principal place of business in Greenville, South Carolina. The initial managers of Blackstream (Ford Elliott and Carlos Salgado) are, upon information and belief, residents of South Carolina. Upon information and belief, the members of Blackstream are Ford Elliott and Josh Howard, both of whom are residents of South Carolina. Upon information and belief, no member of Blackstream is a resident or citizen of the State of Delaware or New York.

Therefore, Blackstream is a citizen of South Carolina.

### **JURISDICTION, VENUE, AND GOVERNING LAW**

6. This Court has jurisdiction over this action pursuant to 28 U.S.C. § 1332(a)(1) because Plaintiffs are citizens of New York and Delaware while Defendant is a citizen of South Carolina, respectively, and the amount in controversy exceeds \$75,000. Among other things, this action seeks an accounting with valued contributions totaling \$17,561,300.

7. Venue is proper in this District pursuant to 28 U.S.C. § 1391(b)(2)-(3) as the substantial part of the events or omissions giving rise to the claim occurred in this District and Defendant is subject to the Court's personal jurisdiction in this District.

8. The Court has personal jurisdiction over Defendant pursuant to S.C. Code § 36-2-8 by virtue of Blackstream, being organized under the laws of, doing business and/or maintaining its principal place of business in South Carolina.

### **FACTUAL ALLEGATIONS**

#### **A. The Joint Venture Between the Alternative Global Companies and Blackstream**

9. The Alternative Global Companies are industry-specific Delaware limited liability companies, which invest in certain targeted high-growth industries.

10. Blackstream is a real estate development business in South Carolina. Blackstream engages in, among other things, real estate infrastructure development, hospitality, restaurant, and townhome development. Real estate infrastructure development is an industry in the real estate sector that develops infrastructure, which includes improving undeveloped land, zoning approval, street installation, utility installation, cable installation, sewer septic installation, fire and road services, and the overall meeting of density requirements.

11. In or about 2020, Blackstream and the Alternative Global Companies agreed to

carry on a joint venture to invest in real estate projects, with the Alternative Global Companies providing investment capital and Blackstream providing the budgeting and daily management of project sites, as well as reporting to the Alternative Global Companies.

12. In return for certain funding, the Alternative Global Companies received an equity interest in the owner, operator, and/or controller of various real estate projects in South Carolina.

13. To accomplish the funding, Blackstream (through, among others, its agent, Maxine Turner, C.P.A.) circulated a funding forecast for each of its real estate projects (the **“Projects”** and each a **“Project”**) to the Alternative Global Companies. In the funding forecast, Blackstream instructed the Alternative Global Companies to wire funds to a specific bank account held by Blackstream at Southern First Bank (the **“Project Bank Account”**). Blackstream further instructed that “BlackStream Development, LLC will then transfer the funds to the various entity bank accounts to cover expenditures. We will issue Monthly Financials for each entity and maintain the Attached Reconciliation for the Project Bank Account.”<sup>1</sup> The Alternative Global Companies then wired the requested funds to the Project Bank Account. Blackstream then transferred the funds in the Project Bank Account to the various entity bank accounts to cover specific project expenditures.

14. From May 8, 2020 to January 26, 2022, the Alternative Global Companies provided at least approximately \$17,561,300 in wire transfers to Blackstream’s Project Account, comprised as follows:

<b>Date</b>	<b>Transferor</b>	<b>Amount</b>
5/8/2020	Alternative Global Two, LLC	(420,000)
5/22/2020	Alternative Global Two, LLC	(360,000)
6/5/2020	Alternative Global Two, LLC	(420,000)

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<sup>1</sup> In September 2020, Blackstream did issue one such set of Monthly Financials for one project, and reflected that the Alternative Global Companies held 70% of Total Equity of \$1,370,120 as of that point in time.

6/19/2020	Alternative Global Two, LLC	(480,000)
6/19/2020	Alternative Global Four, LLC	(360,000)
7/17/2020	Alternative Global Four, LLC	(690,000)
7/24/2020	Alternative Global Two, LLC	(420,000)
7/24/2020	Alternative Global Four, LLC	(210,000)
7/31/2020	Alternative Global Two, LLC	(300,000)
8/7/2020	Alternative Global Two, LLC	(600,000)
8/14/2020	Alternative Global Two, LLC	(300,000)
8/21/2020	Alternative Global Four, LLC	(180,000)
9/11/2020	Alternative Global Four, LLC	(300,000)
9/18/2020	Alternative Global Two, LLC	(300,000)
9/25/2020	Alternative Global Two, LLC	(240,000)
10/1/2020	Alternative Global Two, LLC	(300,000)
10/1/2020	Alternative Global Four, LLC	(120,000)
10/8/2020	Alternative Global Four, LLC	(180,000)
10/16/2020	Alternative Global Two, LLC	(480,000)
10/23/2020	Alternative Global Two, LLC	(120,000)
10/23/2020	Alternative Global Four, LLC	(300,000)
11/2/2020	Alternative Global Two, LLC	(240,000)
11/6/2020	Alternative Global Two, LLC	(2,000,000)
11/13/2020	Alternative Global Four, LLC	(240,000)
11/23/2020	Alternative Global Two, LLC	(300,000)
11/27/2020	Alternative Global Four, LLC	(330,000)
12/4/2020	Alternative Global Two, LLC	(690,000)
12/11/2020	Alternative Global Two, LLC	(600,000)
12/18/2020	Alternative Global Four, LLC	(600,000)
12/29/2020	Alternative Global Four, LLC	(600,000)
1/11/2021	Alternative Global Two, LLC	(900,000)
1/15/2021	Alternative Global Two, LLC	(240,000)
1/22/2021	Alternative Global Four, LLC	(240,000)
1/29/2021	Alternative Global Two, LLC	(240,000)
2/12/2021	Alternative Global Four, LLC	(240,000)
2/19/2021	Alternative Global Four, LLC	(240,000)
3/5/2021	Alternative Global Two, LLC	(180,000)
3/19/2021	Alternative Global Four, LLC	(210,000)
3/25/2021	Alternative Global Two, LLC	(300,000)
4/6/2021	Alternative Global Four, LLC	(325,500)
5/5/2021	Alternative Global Two, LLC	(223,000)
6/11/2021	Alternative Global Two, LLC	(142,800)
6/25/2021	Alternative Global Two, LLC	(120,000)
8/6/2021	Alternative Global Two, LLC	(150,000)
8/13/2021	Alternative Global Two, LLC	(120,000)
8/20/2021	Alternative Global Two, LLC	(90,000)
10/13/2021	Alternative Global Five, LLC	(300,000)
1/26/2022	Alternative Global Five, LLC	(500,000)

<b>TOTAL</b>		<b>\$17,561,300<sup>2</sup></b>
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15. During the period of 2019 through late 2021, the Alternative Global Companies received the following categories of information from Blackstream including sensitive financial and proprietary information on various projects:

- Construction progress reports;
- Sources & Uses (Profoma financial information) for real estate projects with detailed cash flow, assumptions, and cost worksheet;
- Business plans;
- Cash flow projections;
- Profit projections;
- Project photographs;
- Letters of intent with home builders, including contracts with Blackstream Homes LLC a company affiliated with Defendant;
- Signed contracts with home builders;
- Written updates on real estate projects;
- Brochures for the companies involved;
- Other information requested to report to investors.

**B. Blackstream's Refusal to Provide the Alternative Global Companies With Books and Records.**

16. On or about January 28, 2022, two of the former Managers of the Alternative Global Companies, David Feingold and Michael Dazzo sent notice to the third Manager,

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<sup>2</sup> In addition to the amounts itemized above, Alternative Global One, LLC provided a \$120,000 transfer on May 15, 2020.

Cardinale, that they were resigning as Managers and withdrawing as Members of the Alternative Global Companies, leaving Cardinale as the sole Manager and, ultimately, sole Member of the Alternative Global Companies.

17. In early 2022, Cardinale, on behalf of the Alternative Global Companies, requested access to the relevant books and records that Blackstream was obligated to provide.

18. Since January 2022, Blackstream has refused to provide the Alternative Global Companies with access to information regarding the investments the Alternative Global Companies' made through Blackstream, the status of the real estate projects, or the status of the joint venture.

19. After Cardinale's efforts failed, on or about July 1, 2022, Alternative Global Two, Alternative Global Four, and Alternative Global Five formally demanded that Blackstream and/or its affiliates provide:

updated and current information regarding the status and financial performance of the projects that received funding from the [Alternative Global Companies]. With respect to Alternative Global Two LLC, this includes, without limitation, the number of lots that are completed and/or sold to any home builder to date together with the corresponding financial statements. With respect to Alternative Global Four LLC, this includes, without limitation, any lots that were purchased, sold, rented or developed together with the corresponding financial statements. With respect to Alternative Global Five LLC, this includes, without limitation, the number of Culver's restaurants developed and generating revenue and lots that have been purchased, prepared for construction and/or sold together with the corresponding financial statements

A true and correct copy of this records demand ("Records Demand") is attached as **Exhibit 1**.<sup>3</sup>

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<sup>3</sup> Although the Records Demand is addressed to "Mr. Ford Elliott, CEO-Managing Director, SVN Blackstream, LLC," the Records Demand notes that the Alternative Global Companies "advanced funds to" the "affiliated entities" of "SVN Blackstream, LLC" and thereafter defines the term "SVNB" to include SVN Blackstream, LLC and its affiliated entities. Blackstream Development, LLC is an affiliated entity of SVN Blackstream, LLC.

20. In the Records Demand, the Alternative Global Companies offered to sit down and amicably discuss the pending projects with Blackstream:

I WOULD WELCOME THE OPPORTUNITY TO MEET WITH YOU AT YOUR CONVENIENCE TO DISCUSS THE STATUS OF THE DEVELOPMENT PROJECTS.

21. Notwithstanding its receipt of the Records Demand, Blackstream has failed and/or refused to provide access to the requested information.

**CONDITIONS PRECEDENT**

22. To date, Blackstream has failed to pay and/or provide any return on the funding by the Alternative Global Companies.

23. All conditions precedent to the bringing of this action have been met, satisfied, performed or have occurred or otherwise been waived.

**COUNT ONE**  
**BREACH OF FIDUCIARY DUTY**

24. The Alternative Global Companies restate and incorporate Paragraphs 1 through 23 as if fully set forth herein to the extent not inconsistent herewith.

25. The Alternative Global Companies and Blackstream entered into a joint venture, whereby Alternative Global Companies would provide the capital and Blackstream would provide oversight of real estate developments together with certain reporting to the Alternative Global Companies. As such, the Alternative Global Companies received an equity interest in the owner and/or operator of such real estate projects.

26. The joint venture relationship is governed by the controlling principles of partnership law.

27. As a joint venturer, Blackstream owed the Alternative Global Companies, the duty of the finest loyalty to exercise good faith and maintain the highest integrity in dealing with other



partners in partnership affairs including a duty not to obtain any advantage over a copartner in partnership affairs by the slightest misrepresentation or concealment. Thus, every partner must account to the partnership for any benefit and hold as trustee for it any profits derived by him without the consent of the co-partner from any transaction connected with the formation, conduct, or liquidation of the partnership or from any use of its property.

28. Moreover, pursuant to common law, Blackstream owed the Alternative Global Companies duties of loyalty and the duty to disclose material facts.

29. Blackstream breached its fiduciary duties to the Alternative Global Companies by failing to provide the Alternative Global Companies with access to the relevant books and records since on or about January 2022.

30. As a result of its acts and omissions, Blackstream proximately caused damage to the Alternative Global Companies.

**WHEREFORE**, the Alternative Global Companies demand judgment against Blackstream for (i) compensatory damages including, but not limited to, the value of the funds contributed, the return of the funds contributed, the investment return on the funds contributed, the total equity of the Alternative Global Companies in the Blackstream projects, or any or all of the foregoing; (ii) an accounting for \$17,561,300 and all investment returns on \$17,561,300; (iii) costs and attorneys' fees pursuant to applicable law; and (iv) for such other and further relief as this Court deems just and proper.

**COUNT TWO**  
**ACCOUNTING**

31. The Alternative Global Companies restate and incorporate Paragraphs 1 through 23 as if fully set forth herein to the extent not inconsistent herewith.

32. The Alternative Global Companies and Blackstream entered into a series of

complex transactions whereby the Alternative Global Companies funded \$17,561,300 to Blackstream's Project Account for use in dedicated real estate projects located in South Carolina.

33. The Alternative Global Companies and Blackstream entered into a joint venture, whereby Alternative Global Companies would provide certain capital and Blackstream would provide oversight of real estate developments.

34. The joint venture relationship is governed by the controlling principles of partnership law.

35. Parties to a joint venture owe a duty to disclose material information to a co-venturer.

36. The Alternative Global Companies demanded access to the relevant books and records and an accounting from Blackstream, which Blackstream has refused to provide.

37. The Alternative Global Companies lack an adequate remedy at law as any remedy at law would not be as full and expeditious as an accounting.

**WHEREFORE**, the Alternative Global Companies demand judgment against Blackstream for (i) an accounting; (ii) costs and attorneys' fees pursuant to applicable law; and (iii) for such other and further relief as this Court deems just and proper.

*[signature on following page]*

NELSON MULLINS RILEY & SCARBOROUGH LLP

By: /s/ William S. Brown

William S. Brown

Federal Bar No. 5929

E-Mail: [william.brown@nelsonmullins.com](mailto:william.brown@nelsonmullins.com)

W. Logan Lewis

Federal Bar No. 13498

E-Mail: [logan.lewis@nelsonmullins.com](mailto:logan.lewis@nelsonmullins.com)

2 West Washington Street / Suite 400

Post Office Box 10084 (29603-0084)

Greenville, South Carolina 29601

Telephone: (864) 373-2300

*Attorney for Plaintiffs*

Greenville, South Carolina

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Of Counsel:

(Pro Hac Vice Applications to be Filed)

AVI BENAYOUN

Florida Bar No. 0151696

[BenayounA@gtlaw.com](mailto:BenayounA@gtlaw.com)

JOHN L. MCMANUS

Florida Bar No. 0119423

[mcmanusj@gtlaw.com](mailto:mcmanusj@gtlaw.com)

JON L. SWERGOLD

Florida Bar No. 0108510

[swergoldj@gtlaw.com](mailto:swergoldj@gtlaw.com)

GREENBERG TRAURIG, P.A.

401 East Las Olas Boulevard

Suite 2000

Fort Lauderdale, FL 33301

Telephone: (954) 765-0500

Facsimile: (954) 765-1477